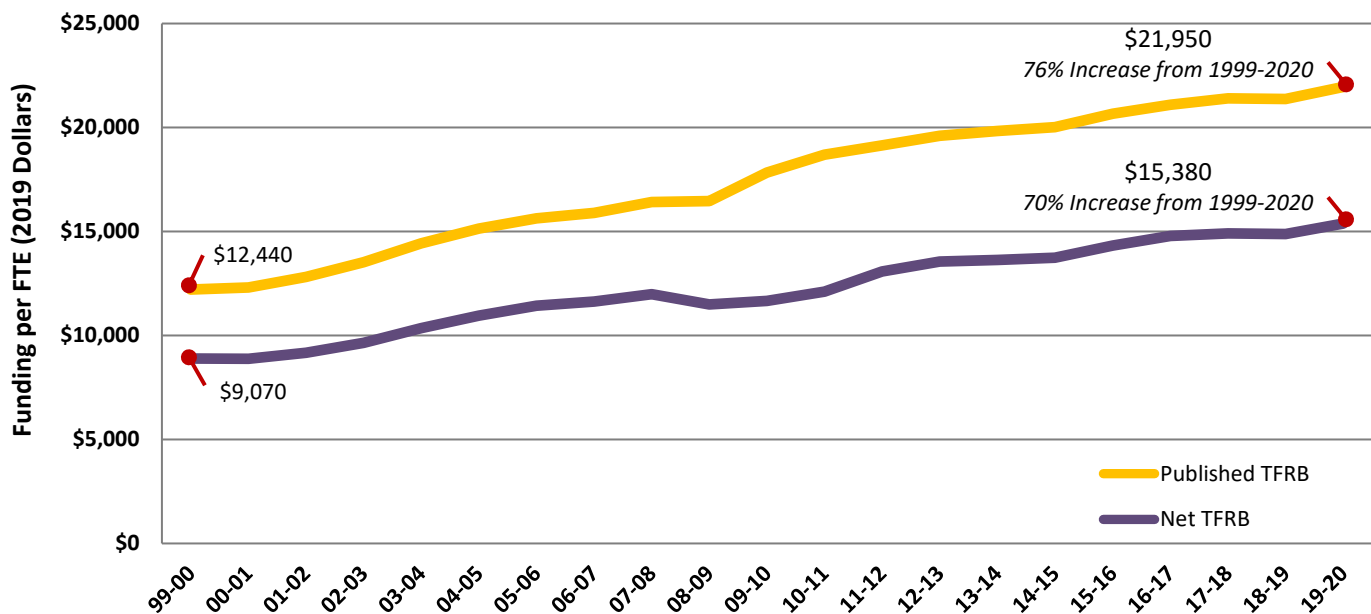


Date: March 12, 2020
Subject: Published Price vs. Net Price in Higher Education

Published college prices—which include tuition, fees, room and board (TFRB)—have increased dramatically over the past two decades. However, *net prices*¹—TFRB minus grant and scholarship aid from federal, state or institutional sources—have increased at a more moderate rate.

As seen in Figure 1 (below), between 1999-2000 and 2019-20, *published* prices for resident students rose an average of 76 percent at [public four-year institutions](#) (going from \$12,440 to \$21,950), whereas *net* prices for residents at public four-year institutions rose an average of 70 percent (going from \$9,070 to \$15,380). This difference can be attributed to federal, state, and institutional aid.

Figure 1: National Increases in Published and Net TFRB at Public Four-Year Institutions



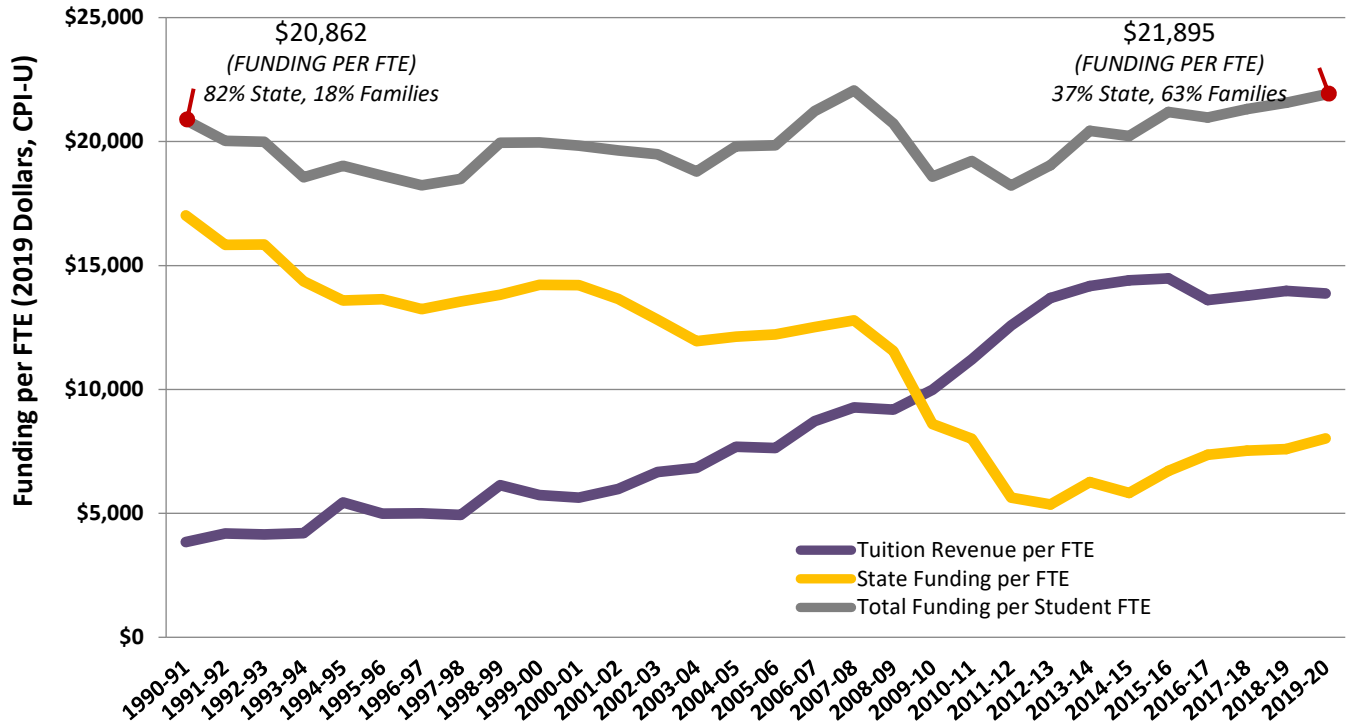
(Source: Figure 9 data. The College Board, [Trends in College Pricing 2019](#), page 18)

The increases in net price are significant. However, it is worth keeping two things in mind:

- The price behavior of higher education bears more similarity to service industries than to goods-producing industries.** Unlike goods producers, service industries have few opportunities to increase productivity without decreasing quality. This is primarily due to a reliance on expensive, high-skill workers (who comprise over 80 percent of higher education employees) and cutting-edge technology. As a result, higher education prices behave similarly to other personal services offered by highly-educated providers. Notably, the cost curves for dentists, lawyers, and physicians essentially [mirror those for higher education](#).
- Tuition increases at public institutions are due, in large part, to a decades-long trend of state budget cuts.** Like many other state institutions, the UW has endured numerous state funding cuts in past biennia. Consequently, the majority of funding formerly provided by the state is now borne by students and their families. As seen in Figure 2, below, in 1990-91, Washington state contributed 82 percent of the total funding per UW student FTE, and families were responsible for 18 percent. In 2019-20, state funds are projected to cover only 37 percent of the total funding per FTE, leaving 63 percent to students and families.

¹ Net price is the “total cost of attendance” (calculated using the weighted average of sticker prices for students in different living situations) minus average aid. Specifically, the “cost of attendance” is the weighted average of published price, weighted by how many students are living on campus, versus off-campus, versus at home. Average financial aid is subtracted from the total cost of attendance to get to net price.

Figure 2: UW General Operating Funds Revenue Mix



Rising tuition rates could have meant a decline in access and in the economic diversity of students, but this has not been the case at the UW. **The UW increased its contribution to institutional financial aid in order to minimize net-price increases, particularly for students with the most financial need.** For the 2019-20 academic year:

- **26 percent** of UW undergraduates were eligible for Pell Grant funding
- **Over 32 percent** of all domestic UW students attending college for the first time would be the first generation in their families to attain a bachelor’s degree
- **32 percent (nearly 10,000)** UW resident undergraduate students were eligible for the Husky Promise.
- **Approximately 10,200** UW students received funds from the Washington College Grant,
- **3,800** received funds from the from the College Bound Scholarship, and
- **2,200** received funds from the Washington State Opportunity Scholarship.

Each year, **55 percent** or more of UW undergraduates receive some form of financial aid. In total, UW undergraduates are receiving more than **\$424 million** in aid for the 2019-20 school year, with roughly **\$102 million** of that in the form of institutional grants and scholarships to Washington residents.

Table 1, below, compares the UW in Seattle to its peers (the U.S. News & World Report Top Public Research Institutions) on two common metrics of affordability and access: net price and percent of students receiving Pell grants. In 2017-18 (the most recent year for which net price data is available from IPEDS), the **published price** for resident undergraduates at Seattle was **\$26,595** whereas the **net price** for first-time, full-time, resident undergraduates at Seattle was **\$10,345**. As the table shows, **the UW in Seattle has the lowest net price of its peers, and about 60 percent of all UW undergraduates graduate with no known debt.**²

² The university has no records of students’ consumer loans and therefore cannot say definitively that these students have no debt.

Table 1: 2020 U.S. News Peer Comparisons: Resident Undergraduate Net Price and Pell Recipients³

| Institution Name | 2017-18 | |
|--|-----------------|------------------|
| | Net Price | % Receiving Pell |
| University of Washington-Seattle Campus³ | \$10,345 | 21.61% |
| University of Florida | \$11,313 | 26.64% |
| University of North Carolina at Chapel Hill | \$11,649 | 22.56% |
| Purdue University-Main Campus | \$11,898 | 16.61% |
| Florida State University | \$13,318 | 31.16% |
| University of California-San Diego | \$13,452 | 36.29% |
| The University of Texas at Austin | \$14,156 | 22.62% |
| University of Wisconsin-Madison | \$14,169 | 14.12% |
| University of California-Los Angeles | \$15,002 | 33.82% |
| University of California-Irvine | \$15,014 | 42.12% |
| University of Georgia | \$15,539 | 21.81% |
| University of California-Davis | \$15,724 | 38.22% |
| University of Illinois at Urbana-Champaign | \$15,829 | 22.56% |
| Rutgers University-New Brunswick | \$16,295 | 30.68% |
| University of Minnesota-Twin Cities | \$16,691 | 18.60% |
| University of Maryland-College Park | \$16,790 | 19.15% |
| University of Michigan-Ann Arbor | \$16,856 | 16.26% |
| University of California-Santa Barbara | \$16,912 | 37.07% |
| Georgia Institute of Technology-Main Campus | \$16,950 | 14.85% |
| University of Virginia-Main Campus | \$17,845 | 12.93% |
| University of California-Berkeley | \$17,862 | 26.76% |
| Virginia Polytechnic Institute and State University | \$18,349 | 16.05% |
| Ohio State University-Main Campus | \$18,694 | 20.33% |
| Texas A & M University-College Station | \$19,118 | 21.54% |
| Clemson University | \$19,508 | 17.62% |
| University of Connecticut | \$19,650 | 21.94% |
| University of Massachusetts-Amherst | \$21,740 | 24.05% |
| University of Pittsburgh-Pittsburgh Campus | \$24,040 | 15.94% |
| Pennsylvania State University-Main Campus | \$26,151 | 14.45% |
| U.S. News Peer Average | \$16,804 | 23.46% |

Variations in net price from year to year are due to many factors, including changes in tuition, fees, financial aid, and other aspects of students' budgets. Overall, other components of students' budgets (books, transportation, personal expenses) have not changed significantly, and the UW has kept its commitment to institutional aid and to keeping mandatory fees and other expenses low. These factors have allowed the UW in Seattle's net price to remain relatively stable and below peer institutions.

³ Table is sorted by 2017-18 Net Price. Net prices in table are in nominal dollars (not adjusted for inflation). List is composed of U.S. News World Report (USNWR) Top Publics Peer List (see [OPB Peer Comparisons page](#)). Reported data is from IPEDS preliminary release. Final release data for this year is not yet available. UW Seattle data is corrected to match final release data reported to IPEDS and will not match preliminary release data.